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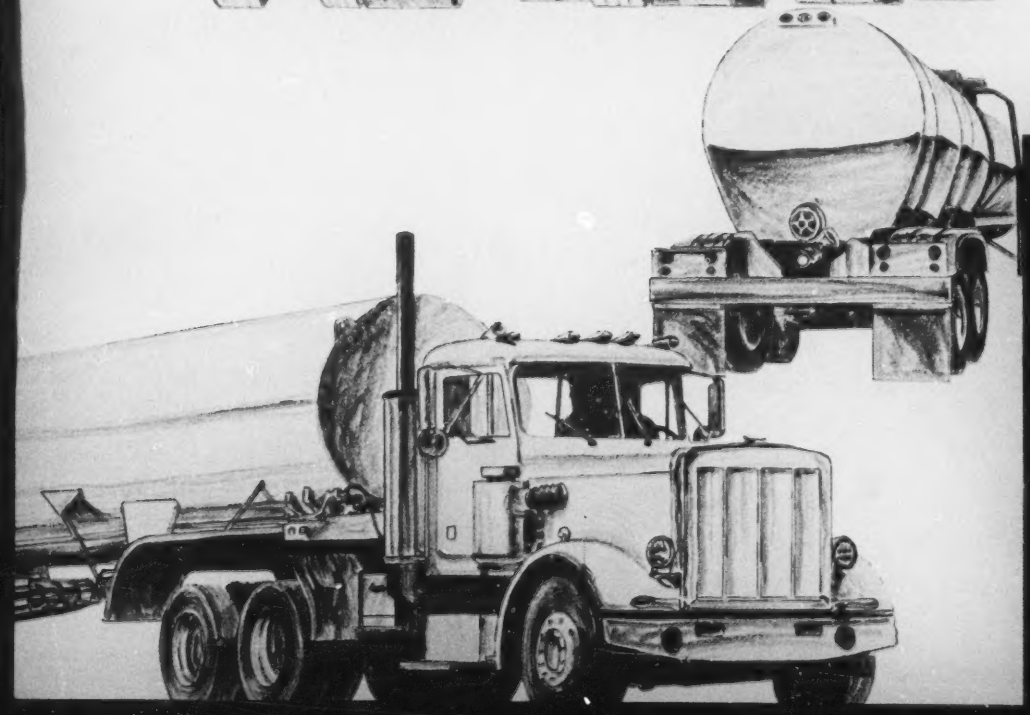


A Financial Analysis of the For-Hire Tank Truck Industry 1981 and first half of 1982

The For-Hire Tank Truck Industry

Introduction

Since its inception in 1973, this annual financial analysis has been designed to provide education and information to scholars, research analysts and investors interested in the for-hire tank truck industry. The over-view nature of this publication, and its analysis of recent years of tank truck operating statistics, hopefully will provide information to those people studying transportation in general and bulk common carriers specifically. The tank truck industry has long been a provider of transportation for gasoline, diesel fuel, propane and other petroleum products. Recently, the industry has become known as a major link in the "energy transportation" system. Chemicals, dry bulk cement and liquid food products also provide a large share of industry revenue.

Therefore, in this annual "Financial Analysis of the For-Hire Tank Truck Industry," NTTC will continue the format of providing historical, as well as current statistical data, in order to provide a better overall perspective of this industry for the reader.

History & Development

The concept of regulated bulk highway transportation came into existence upon passage of Part II of the Interstate Commerce Act in 1935. The passage of this legislation created the environment which fostered the growth of companies which provide reliable truck transport service to the general shipping public. In the years prior to Federal economic regulation, this highly specialized segment of the motor carrier industry suffered from the same problems that the rest of the trucking industry experienced. Truck operators fought each other for a limited amount of business. Cut-throat competition was the order of the day. This resulted in undercapitalized carriers operating vehicles which they could not afford to maintain adequately and created a significant threat to highway safety and generally unreliable transport services. The problems of the infant industry resulted in an unstable motor carrier system, bankrupting many carriers and thereby eliminating service in some areas. The Motor Carrier Act stabilized the market and demanded that carriers provide reasonable, regular and nondiscriminatory service to all shippers.

World War II was the setting for the firm establishment of the tank truck industry. The war effort consumed enormous amounts of petroleum and petroleum products. With railroads handling troop and materiel movements and long haul freight transportation, the tank truck carrier filled the service vacuum in providing short haul delivery of these products throughout the United States.

In the years following the war, America's industrial and personal philosophy changed. Industry, for the first time in two hundred years, was moving away from the rivers which historically supplied power and transportation. Following the development of the interstate highway system, manufacturing was able to tap new labor sources in previously inaccessible areas. For the first time, the cost of maintaining inventory and the cost of money became vital factors in daily business.

The tank industry was ideally suited to perform the transportation functions of the dispersed industries. No longer were large volume deliveries of raw materials required. Industry needed smaller loads of a multitude of newly developed processed chemicals and petroleum products. Builders were erecting plant sites far off rail sidings, and suburbia was sprouting residential housing developments along the arteries of interstate highways all over the nation. Increased commuting and leisure activities consumed increasing amounts of gasoline that required highway delivery.

The for-hire tank truck industry, working in concert with its equipment suppliers, developed the tank vehicles to meet the new challenges and handle the new more exotic transportation needs of the industry.

While petroleum products still represent a large percentage of many carriers' business volumes, over the years dry bulk cement, foodstuffs, chemicals, pelletized and powdered plastics and many other products which required flexible transportation service came to the for-hire tank truck fleets.

Under the economic regulation of the Interstate Commerce Commission, for 45 years common carriers were protected from the ravages of the destructive competition which nearly led to the destruction of the industry in the 1920's and early 1930's. With this guarantee of a realistic operating environment, common carriers took on an obligation to serve all cities and customers in his territory without prejudice and discrimination. This guaranteed, reliable

pipeline of transportation service enabled industry to disperse, diversify, plan and expand, and fostered the tank truck industry's growth.

As with every other sector of transportation, the for-hire tank truck industry has been dramatically impacted by significant changes in the Federal government's role in the regulation of the movement of goods and people.

Since the mid-1970's, transportation regulation at both the state and Federal levels, has been transposed from a focus on economic matters such as rates and entry to interest in social concerns, primarily at safety and environmental issues.

As large volume transporters of hundreds of so-called hazardous materials over our nation's highways, the for-hire tank truck industry bears special responsibilities and opportunities in this new regulatory environment.

Carriers and shippers – both individually and through their trade associations – have developed new training and information programs aimed at better product handling and regulatory compliance.

Always a critical and sensitive problem, the transportation of hazardous wastes offers substantial opportunity for growth to the industry. Responsible carriers, knowledgeable of the extensive regulatory structure of the Environmental Protection Agency (and state agencies) can transport, securely, large volumes of industrial waste products from generator to certificated disposal sites without the need for cumbersome, hard-to-handle barrels and drums. As the technology of recycling wastes develops, tank truck carriers can offer unique turnaround service to shippers. For instance, bulk carriers can transport loads of recyclables to sites where the product is re-refined and regenerated. After the trailer is cleaned internally, the unit is reloaded with the recycled product and it is returned to the shipper. The two-way loaded haul benefits both shipper (with lower costs) and carrier (with higher productivity).

The proliferation of Federal, state and local environmental regulations demand more expertise from bulk carriers and the shippers they serve. Higher liabilities for errors also enhance the attention of major corporations on these shipments. Therefore, substantial shippers are prone to utilize the services of established carriers with proven track records of expertise.

The tank truck industry is in a rather unique position vis-à-vis the changing regulatory climate. The specialized nature and cost of its equipment, high level of safety, the concern of major shippers and the Federal Government for safe operations make it less susceptible to the inevitable upheavals caused by relaxation of the regulatory scheme than other types of motor carriers.

Today, for-hire tank trucks provide efficient, safe and reliable service to all segments of the nation's economy – from the giant corporation to the independent retailer – and they will continue to perform these vital services in the future.

The Market

The tank industry serves a large and diversified market. From the early days of petroleum and fuel oil hauls, service has been the key. The industry caters to the shipper that has a time and quality factor involved in his business. Technology which has developed since 1945 has enabled the for-hire carrier not only to transport many products previously unheard of, but to deliver them with the purity and integrity that the user demands.

Through the 1960's, the tank truck industry was composed mainly of family-owned companies operated by individual entrepreneurs. The growth of the industry has dictated the expansion of management and management techniques at all levels of operations. "Merger-fever" impacted the tank truck industry during the 1960's. Since then tank truck carriers have tended to grow larger, individual carrier gross revenues have increased, while the total number of carriers has decreased.

This change in complexion of a large part of the industry is also reflective of changes in demand. As petroleum became a relatively smaller segment of revenues, other products have taken on more significance. Years ago the pipeline and railroad provided the industry's major competition. Today through cooperative efforts, they are becoming partners in providing intermodal transportation services. The enormous tonnage capacities of pipelines and railroads provide long-haul movement which have created increasing demand for the tank truck carrier's ability to provide timely and reliable end user delivery service. The vast

number of ex-rail and pipeline terminals have created high volume, short haul business of a highly stable nature for for-haul tank carriers in all areas of the United States.

However, the inherent flexibility of truck and highway, while providing our working environment, also provides the greatest competition – private carriage. The ability of an individual manufacturer to buy his own trucks and deliver his own products, without any commitment or responsibility to provide service to anyone else, means that the for-hire carrier must offer customized, flexible and reliable services in order to discourage the installation and/or expansion of proprietary truck operations.

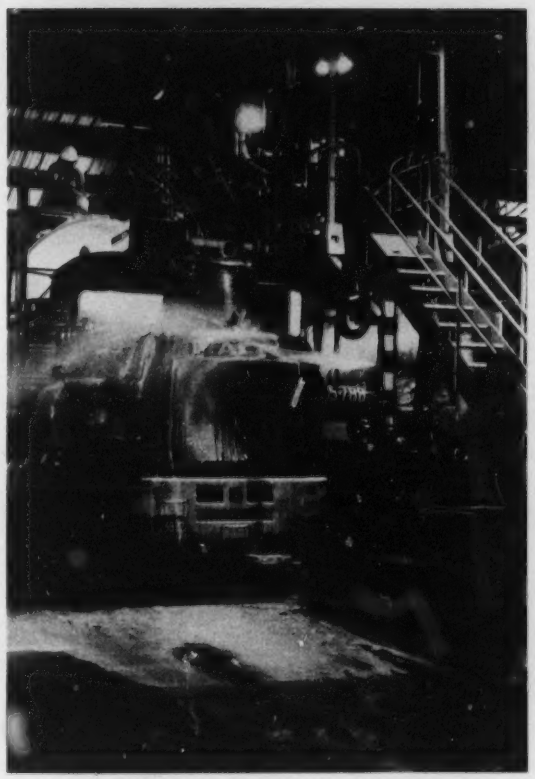
The changes in the Federal regulatory structure have made all motor carriers rethink and redirect their marketing practices. Bulk carriers have been in the lead in changing to new marketing approaches because of the industry's relationship with the large, concentrated chemical, petroleum, food and cement producers. The organizational sophistication and volume purchasing power of these types of customers have demanded the development of transportation service contract approaches, based upon mutual commitments.

The concept of "continuous movement," under which loads from different shipping points are scheduled for consecutive pick-ups, in the same vehicle, is being expanded. Aided by the strategic placement of internal tank cleaning facilities, this concept has cut empty mileage, decreased fuel use and produced measurable savings for scores of chemical shippers.

Other innovative marketing ideas are being utilized. Volume-tenders offer transportation economies to high volume customers. Long-term, full service contracts with shippers of all types are now being negotiated and implemented. Thus, shippers, who want to avoid capital investment in transportation equipment, have a variety of methods and plans to work directly with for-hire carriers to meet their bulk transportation needs with considerable cost savings. Such personalized service is much simpler with the decreased involvement of the Federal government.

At this writing, economic forces seem to have reforged the bulk receivers'/producers' production methods which greatly affect all bulk transportation, rail barge and truck. High interest rates have sensitized manufacturers to the carrying costs of raw and finished material inventories. These costs have made plants careful in ordering bulk materials. The premium cost of tank truck loads of chemicals versus larger quantity tank car loads is, in many cases offset by inventory cost considerations. This basic change is indicative of the dynamic nature of the emerging transportation market.

Bulk highway carriers' ability to respond to such fundamental variation in customers needs will be the cornerstone of future trucking success.



Financial Analysis 1980-81 and the First Half of 1982

To gain some perspective on 1981 and first half 1982 results for the tank truck industry, various circumstances need to be understood. Probably no period in the history of the industry had so many factors causing change on such a rapid basis. The effects of a continuing severe recession along with the effects of reregulation and consequent opening of markets to further competition combined to make the period an extremely challenging one for management. As rates came under pressure and physical volume was impacted by weak business conditions, efforts to generate business increased the number of backhauls in the industry causing further overcapacity and rate pressure. These pressures are forcing management to reexamine their operations to gain further efficiencies, productivity and attempt to move toward the low cost producer position in the business. Cost pressures and weak conditions are giving management incentives to bargain for labor concessions. Certain other industry participants are seeking out special niches, such as captive contract carriage, which will shelter them from the extreme competitive pressures being felt by the industry as a whole. These competitive patterns are familiar to other industries adjusting to deregulation and should be recognized in analyzing the financial results of the industry.

The Year 1981 vs. 1980

For 1981, industry revenues increased 3.5%, exceeding $2.3 billion, which reflected rate increases as tonnage decreased 6.8% to 148,835,000. Net carrier operating income declined 15.6% to $106 million, reflecting the fact that physical volume decreased, and rates did not increase enough to offset larger expenses. The operating ratio increased from 94.7% in 1980 to 95.5% in 1981. Depreciation expense remained, at 5.8%, constant as a percent of revenues. This percentage may drop somewhat over the next few years if the industry is successful in increasing productivity of equipment, through better backhaul balance and while decreases in the number of units in the fleet.

Interest expense of $58 million was up 6.2% even though the absolute amount of debt was down, due to a lack of borrowing for new equipment and expansion because of the high level of the prime rate during 1981. This factor along with lower operating income combined to decrease pretax income 16.2% to $67 million. Extraordinary items of $4.9 million represented mainly the tax benefits recognized from the year earlier writeoff of operating rights, (which due to the Motor Carrier Act of 1980 amounted to $23.7 million for the carriers in this study). Therefore, after tax income was up 66% to $53 million due to the effects of the operating rights writeoff in 1980 and its tax recovery in 1981.

As was true in 1980, the "medium" sized companies (those with annual revenues between $10 and $25 million) seemed to fare best in revenue growth, with a 4.8% increase. The other groups showed somewhat smaller increases except for the less than $5 million revenue group, which showed a 1% revenue decline. Interestingly enough, the "medium" carriers showed the smallest decrease in total tons, although total miles were down for this group more than all other groups except the under $5 million revenue group. This may indicate greater success of the medium group in generating backhaul traffic.

The industry's composite balance sheet showed a slight decline in total assets, reflecting the declining economy. Carrier net operating property declined 2.2%, reflecting overcapacity and lack of demand for equipment with consequent low capital spending levels. Receivables continued to be well controlled, with average days collection period declining from 31.93 days to 28.13 days.

Reflecting the slight contraction in the industry balance sheet and paydown of funded debt, funded debt to equity declined to .76 from .87 for 1980. Cash flow to funded debt due in one year declined to 205.8% from 213.8% in 1980, reflecting weak operating earnings. However, cash flow to total funded debt increased to 50.9% from 49.6% in 1980, reflecting reduced leverage. This still reflects a relatively strong industry position, reflecting the theoretical ability to pay off all funded debt in slightly less than 2 years.

Although cash flow and leverage continued to show relative strength, all measures of return on investment showed weaknesses. The percentage of after tax income to equity (prior to extraordinary items) declined to 10.2% from 12.5%. Other measures of return showed similar or greater declines.

The First Half of 1982

Due to changes in ICC regulations, Class II and Class III carriers (carriers with annual revenues of less than $5 million) are no longer required to submit the ICC quarterly report. Therefore, we will review a much smaller universe of companies, 39, versus 175 carriers for the full year results. This sample appears to reflect about 28% of the total revenues of the industry.

Revenues for the 39 carriers declined 13% in the first half of 1982 from 1981, reflecting the extremely weak business environment. Interestingly enough, the largest carriers appeared to be suffering the largest relative declines, averaging about 20%. The operating ratio again reflected the industry's rising costs and declining volumes, increasing to 97.8% from 94.7% for the first half of 1981. During this period, carrier revenues declined 13% while expenses could not be decreased proportionately. Aiding in keeping this ratio lower than otherwise would be expected was the gain on disposal of equipment, which was up to −.75% of revenues vs. −.40% for the first half of 1981. This undoubtedly reflected the disposal of excess equipment which, even in a depressed market, could be sold at greater than book value. The other expense showing a significant decline was equipment rental and purchased transportation, reflecting 21.0% of revenues, reflecting a cut back on the use of owner operators because of the decline in business. Again, the medium sized carriers ($10-25 million revenue) showed a smaller decline in revenue of 7% vs. 13% for the group as a whole. However, this group's operating expenses declined only 4.5%. These relative changes produced a decline in operating income of 54%. This may indicate a less aggressive approach toward cost cutting in a weak economy for the "medium" group. Miles and tonnage were down much more dramatically for the largest carriers, presumably reflecting reliance on customers hardest hit by the recession.

Because of the significant decline in operating income in the first half of 1982 to $11,959,000 or 2.17% of revenues from $33,509,000 or 5.28% of revenues, the industry as a whole showed a after tax loss for the first half of 1982 of $2,626,000 or .47% of revenues compared to an after tax income of $11,412,000 or 1.80% of revenues for the first half of 1981. Those carriers showing higher leverage were obviously most severely impacted in this difficult time and the industry loss shows the wisdom of maintaining conservative levels of financial leverage.

In summary, the tank truck industry has experienced in the last 18 months probably the most dramatic period of change in its history. The combined effects of reregulation and recession combined to make the period an extremely challenging one for company management. Although the industry continues to reflect general financial strength, pricing and profit pressures will continue to place new challenges on management skills. All practices, including dispatch practices, are coming under scrutiny to increase efficiency and utilization. This could ultimately be a beneficial effect of reregulation, in promoting increased efficiency in equipment utilization.

More sophisticated cost control, operational management, and strategic planning will be critical for survival in the new environment. This is true for business as a whole, but an industry making the change from a regulated environment in addition to other general challenges faces special problems. As we know, the Multi-Employer Pension Act has made it especially difficult for the motor carrier industry to contract and this problem has yet to be dealt with. Those companies with well thought out strategies, sound financial planning and bottom line orientation will continue to deserve and obtain support from the financial community.

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First Chicago is one of the nation's 10 largest banks and has had a long involvement with the motor carrier industry, as well as being a leader in transportation financing.

Composite Financial Statement of

(All Dollar Figures in Millions)

NUMBER OF CARRIERS	TOTAL ALL CARRIERS 175				TOTAL UNDER $5 MILLION 71			
BALANCE SHEET: INCOME & EXPENSE DATA	$ 1981	%	$ 1980	%	$ 1981	%	$ 1980	%
GROSS REVENUES	2,372.44	100.0	2,292.42	100.0	198.44	100.0	200.52	100.0
DEPRECIATION	136.85	5.8	132.03	5.8	11.47	5.8	11.56	5.8
PURCHASED TRANSPORTATION	549.08	23.1	533.33	23.3	34.84	17.6	33.11	16.5
TOTAL OPERATING EXPENSES	2,265.59	95.5	2,170.02	94.7	191.09	96.3	192.49	96.0
NET CARRIER OPERATING INCOME	106.84	4.5	122.40	5.3	7.35	3.7	8.04	4.0
INTEREST EXPENSE	58.22	2.5	54.80	2.4	3.77	1.9	3.40	1.7
NET INCOME BEFORE TAXES	67.09	2.8	80.10	3.5	6.66	3.4	7.21	3.6
INCOME TAXES-CURRENT	25.12	1.1	21.56	0.9	2.07	1.0	1.56	0.8
DEFERRED INCOME TAXES	(1.28)	(0.1)	6.42	0.3	0.37	0.2	0.27	0.1
EQUITY IN EARNINGS OF AFFILIATED COMPANIES	4.58	0.2	3.24	0.1	0.00	0.0	0.08	0.0
INCOME BEFORE EXTRAORDINARY ITEMS	47.83	2.0	55.36	2.4	4.22	2.1	5.45	2.7
EXTRAORDINARY ITEMS	4.89	0.2	(23.68)	(1.0)	0.02	0.0	(0.83)	(0.4)
NET INCOME AFTER TAXES	52.72	2.2	31.68	1.4	4.24	2.1	4.62	2.3
CASH THROW	178.82	N/A	190.58	N/A	16.06	N/A	17.21	N/A
AVERAGE REVENUE PER CARRIER	13.56	N/A	13.10	N/A	2.79	N/A	2.82	N/A
BALANCE SHEET: ASSETS								
CASH	120.23	10.5	99.11	8.6	15.72	13.4	13.50	11.4
RECEIVABLES FROM AFFILIATES	26.09	2.3	39.28	3.4	2.30	2.0	2.67	2.2
NOTES & ACCOUNTS RECEIVABLE	182.86	15.9	200.53	17.4	23.86	20.3	24.78	20.8
PREPAID EXPENSES	39.79	3.5	38.85	3.4	3.73	3.2	4.11	3.5
MATERIALS & SUPPLIES	30.13	2.6	31.26	2.7	3.29	2.8	3.66	3.1
OTHER CURRENT ASSETS	3.71	0.3	3.28	0.3	1.72	1.5	1.17	1.0
TOTAL CURRENT ASSETS	402.82	35.1	412.31	35.7	50.62	43.2	49.89	42.0
CARRIER OPERATING PROPERTY – COST	1,337.60	116.6	1,289.30	111.8	128.06	109.2	128.20	107.8
RESERVE FOR DEPRECIATION	712.58	62.1	650.04	56.4	78.43	66.9	74.60	62.7
NET CARRIER OPERATING PROPERTY	625.02	54.5	639.25	55.4	49.63	42.3	53.60	45.1
TOTAL TANGIBLE PROPERTY	634.07	55.3	648.31	56.2	56.17	47.9	58.39	49.1
INTANGIBLES	9.19	0.8	9.39	0.8	0.96	0.8	0.91	0.8
OTHER ASSETS	101.02	8.8	83.57	7.2	9.52	8.1	9.70	8.2
TOTAL ASSETS	1,147.10	100.0	1,153.57	100.0	117.27	100.0	118.89	100.0
BALANCE SHEET: LIABILITIES & EQUITY								
PAYABLES TO AFFILIATES	18.53	1.6	17.29	1.5	1.51	1.3	1.33	1.1
NOTES PAYABLE	17.49	1.5	14.85	1.3	4.11	3.5	4.11	3.5
ACCOUNTS PAYANLE	110.09	9.6	112.33	9.7	14.76	12.6	16.25	13.7
MISCELLANEOUS PAYABLES & ACCRUALS	24.65	2.1	25.43	2.2	2.57	2.2	2.66	2.2
TAXES PAYABLE	17.28	1.5	14.69	1.3	1.33	1.1	1.41	1.2
FUNDED DEBT DUE WITHIN ONE YEAR	86.88	7.6	89.15	7.7	7.71	6.6	7.60	6.4
OTHER CURRENT LIABILITIES	56.43	4.9	53.24	4.6	3.72	3.2	3.76	3.2
TOTAL CURRENT LIABILITIES	331.35	28.9	326.98	28.3	35.72	30.5	37.11	31.2
ADVANCES PAYABLE	21.63	1.9	17.46	1.5	0.82	0.7	1.76	1.5
FUNDED DEBT DUE AFTER ONE YEAR	264.28	23.0	294.93	25.6	19.13	16.3	20.60	17.3
TOTAL LONG TERM DEBT	285.91	24.9	312.39	27.1	19.95	17.0	22.36	18.8
TOTAL FUNDED DEBT	351.16	30.6	384.09	33.3	26.84	22.9	28.20	23.7
RESERVES & ESTIMATED LIABILITIES	7.83	0.7	7.12	0.6	0.72	0.6	0.86	0.7
ACCUMULATED DEFERRED TAX CREDITS	57.28	5.0	65.96	5.7	2.76	2.4	2.37	2.0
TOTAL LIABILITIES	682.37	59.5	712.46	61.8	59.15	50.4	62.69	52.7
STOCKHOLDER'S EQUITY	464.73	40.5	441.12	38.2	58.13	49.6	56.19	47.3
TOTAL CAPITAL	750.64	65.4	753.51	65.3	78.08	66.6	78.55	66.1
TOTAL LIABILITIES & EQUITY	1,147.10	100.0	1,153.57	100.0	117.27	100.0	118.89	100.0

the Tank Truck Industry 1981-1980

TOTAL OVER $5 MILLION				$5-10 MILLION				$10-25 MILLION				OVER $25 MILLION			
104				41				40				23			
$ 1981	%	$ 1980	%	$ 1981	%	$ 1980	%	$ 1981	%	$ 1980	%	$ 1981	%	$ 1980	%
2,173.99	100.0	2,091.90	100.0	294.19	100.0	285.42	100.0	622.85	100.0	594.47	100.0	1,256.96	100.0	1,212.00	100.0
125.38	5.8	120.47	5.8	13.93	4.7	13.32	4.7	32.78	5.3	30.28	5.1	78.67	6.3	76.87	6.3
514.24	23.7	500.23	23.9	77.81	26.4	77.87	27.3	168.70	27.1	161.88	27.2	267.73	21.3	260.48	21.5
2,074.50	95.4	1,977.53	94.5	284.79	96.8	275.67	96.6	595.61	95.6	566.72	95.3	1,194.10	95.0	1,135.15	93.7
99.49	4.6	114.37	5.5	9.40	3.2	9.75	3.4	27.24	4.4	27.76	4.7	62.85	5.0	76.85	6.3
54.45	2.5	51.40	2.5	5.61	1.9	5.08	1.8	12.70	2.0	11.34	1.9	36.14	2.9	34.99	2.9
60.43	2.8	72.90	3.5	5.03	1.7	5.71	2.0	19.74	3.2	20.10	3.4	35.66	2.8	47.08	3.9
23.05	1.1	20.00	1.0	1.37	0.5	1.44	0.5	5.19	0.8	3.29	0.6	16.49	1.3	15.27	1.3
(1.65)	(0.1)	6.15	0.3	0.26	0.1	0.34	0.1	0.48	0.1	1.62	0.3	(2.39)	(0.2)	4.19	0.3
4.58	0.2	3.16	0.2	2.51	0.9	(0.05)	0.0	1.08	0.2	1.88	0.3	0.98	0.1	1.32	0.1
43.61	2.0	49.91	2.4	5.91	2.0	3.88	1.4	15.15	2.4	17.08	2.9	22.54	1.8	28.94	2.4
4.87	0.2	(22.85)	(1.1)	0.17	0.1	(1.90)	(0.7)	1.20	0.2	(4.82)	(0.8)	3.50	0.3	(16.13)	(1.3)
48.48	2.2	27.06	1.3	6.09	2.1	1.99	0.7	16.35	2.6	12.26	2.1	26.04	2.1	12.81	1.1
162.76	N/A	173.37	N/A	17.59	N/A	17.59	N/A	47.33	N/A	47.10	N/A	97.84	N/A	108.68	N/A
20.90	N/A	20.11	N/A	7.18	N/A	6.96	N/A	15.57	N/A	14.86	N/A	54.65	N/A	52.70	N/A
104.51	10.1	85.60	8.3	10.94	9.4	9.11	8.0	27.36	9.6	21.52	7.6	66.20	10.5	54.97	8.6
23.79	2.3	36.61	3.5	3.32	2.8	2.84	2.5	6.57	2.3	9.22	3.3	13.91	2.2	24.55	3.8
159.00	15.4	175.75	17.0	19.17	16.4	21.42	18.9	49.56	17.4	52.76	18.7	90.27	14.4	101.57	15.9
36.06	3.5	34.74	3.4	3.38	2.9	3.28	2.9	7.47	2.6	7.57	2.7	25.21	4.0	23.89	3.7
26.85	2.6	27.60	2.7	4.10	3.5	4.33	3.8	6.75	2.4	7.24	2.6	16.00	2.5	16.04	2.5
1.99	0.2	2.11	0.2	0.11	0.1	0.25	0.2	0.91	0.3	0.53	0.2	0.97	0.2	1.34	0.2
352.20	34.2	362.42	35.0	41.03	35.1	41.23	36.4	98.62	34.7	98.83	34.9	212.55	33.8	222.36	34.8
1,209.54	117.5	1,161.10	112.2	153.74	131.7	146.52	129.2	301.03	105.9	291.44	103.0	754.76	120.1	723.14	113.3
634.15	61.6	575.44	55.6	89.80	76.9	84.19	74.3	153.59	54.0	141.54	50.0	390.76	62.2	349.71	54.8
575.39	55.9	585.65	56.6	63.95	54.8	62.33	55.0	147.44	51.8	149.90	53.0	364.00	57.9	373.42	58.5
577.89	56.1	589.92	57.0	64.55	55.3	64.05	56.5	147.95	52.0	150.47	53.2	365.39	58.1	375.40	58.8
8.23	0.8	8.47	0.8	0.79	0.7	0.96	0.8	3.25	1.1	3.58	1.3	4.19	0.7	3.93	0.6
91.50	8.9	73.87	7.1	10.39	8.9	7.14	6.3	34.57	12.2	29.96	10.6	46.55	7.4	36.78	5.8
1,029.82	100.0	1,034.69	100.0	116.76	100.0	113.38	100.0	284.38	100.0	282.84	100.0	628.68	100.0	638.46	100.0
17.02	1.7	15.96	1.5	2.23	1.9	2.28	2.0	7.44	2.6	7.01	2.5	7.35	1.2	6.67	1.0
13.38	1.3	10.74	1.0	4.85	4.2	4.93	4.4	3.25	1.1	4.21	1.5	5.28	0.8	1.59	0.2
95.33	9.3	96.09	9.3	11.40	9.8	11.47	10.1	30.31	10.7	33.50	11.8	53.62	8.5	51.11	8.0
22.08	2.1	22.77	2.2	3.02	2.6	2.91	2.6	5.97	2.1	5.32	1.9	13.09	2.1	14.54	2.3
15.94	1.5	13.28	1.3	1.83	1.6	0.79	0.7	3.30	1.2	3.00	1.1	10.81	1.7	9.49	1.5
79.18	7.7	81.55	7.9	7.24	6.2	8.05	7.1	19.20	6.8	18.01	6.4	52.73	8.4	55.50	8.7
52.71	5.1	49.48	4.8	4.91	4.2	4.60	4.1	10.30	3.6	9.69	3.4	37.49	6.0	35.19	5.5
295.63	28.7	289.87	28.0	35.48	30.4	35.03	30.9	79.77	28.0	80.74	28.5	180.38	28.7	174.09	27.3
20.81	2.0	15.70	1.5	0.40	0.3	1.80	1.6	7.75	2.7	7.32	2.6	12.66	2.0	6.58	1.0
245.15	23.8	274.34	26.5	20.28	17.4	21.96	19.4	59.06	20.8	64.42	22.8	165.81	26.4	187.95	29.4
265.96	25.8	290.04	28.0	20.68	17.7	23.76	21.0	66.81	23.5	71.74	25.4	178.47	28.4	194.53	30.5
324.33	31.5	355.89	34.4	27.52	23.6	30.01	26.5	78.26	27.5	82.43	29.1	218.54	34.8	243.45	38.1
7.11	0.7	6.27	0.6	0.35	0.3	0.21	0.2	2.05	0.71	1.93	0.7	4.71	0.7	4.12	0.6
54.52	5.3	63.59	6.1	3.45	3.0	3.67	3.2	11.67	4.1	11.94	4.2	39.39	6.3	47.98	7.5
623.22	60.5	649.76	62.8	59.97	51.4	62.67	55.3	160.30	56.4	166.36	58.8	402.95	64.1	420.73	65.9
406.60	39.5	384.92	37.2	56.79	48.6	50.71	44.7	124.08	43.6	116.48	41.2	225.73	35.9	217.74	34.1
672.56	65.3	674.96	65.2	77.47	66.4	74.47	65.7	190.89	67.1	188.23	66.5	404.20	64.3	412.27	64.6
1,029.82	100.0	1,034.69	100.0	116.76	100.0	113.38	100.0	284.38	100.0	282.84	100.0	628.68	100.0	638.46	100.0

Comparative Analytical Data

(All Dollar Figures

NUMBER OF CARRIERS	TOTAL ALL CARRIERS 175				TOTAL UNDER $5 MILLION 71			
	1981	%	1980	%	1981	%	1980	%
LIQUIDTY DATA:								
WORKING CAPITAL	$71.47		$85.33		$14.90		$12.78	
CURRENT RATIO	1.22		1.26		1.42		1.34	
DAYS CASH OPERATING EXPENSES IN WORKING CAPITAL (DAYS)	12.15		15.15		29.94		25.44	
AVERAGE DAYS COLLECTION PERIOD (DAYS)	28.13		31.93		43.89		45.10	
LEVERAGE & DEBT SERVICE:								
FUNDED DEBT TO EQUITY	0.76		0.87		0.46		0.50	
NET DEBT TO EQUITY	0.41		0.48		0.07		0.14	
FUNDED DEBT TO TANGIBLE NET WORTH	0.77		0.89		0.47		0.51	
CASH THROW TO FUNDED DEBT DUE IN ONE YEAR		205.81		213.77		208.39		226.53
CASH THROW TO TOTAL FUNDED DEBT		50.92		49.62		59.85		61.03
INTEREST TO TOTAL FUNDED DEBT		16.58		14.27		14.04		12.06
NET CARRIER PROPERTY TO EQUITY	1.34		1.45		0.85		0.95	
OPERATING AND EFFICIENCY RATIOS:								
GROSS REVENUES TO EQUITY	5.10		5.20		3.41		3.57	
GROSS REVENUES TO TOTAL CAPITAL	3.16		3.04		2.54		2.55	
GROSS REVENUES TO NET CARRIER OPERATING PROPERTY	3.80		3.59		4.00		3.74	
GROSS REVENUES TO CARRIER OPERATING PROPERTY (COST)	1.77		1.78		1.55		1.56	
PRE-TAX INCOME TO GROSS REVENUES		2.83		3.49		3.36		3.59
PRE-TAX INCOME TO TOTAL CAPITAL		8.94		10.63		8.54		9.17
AFTER TAX INCOME TO GROSS REVENUES		2.02		2.41		2.13		2.72
AFTER TAX INCOME TO EQUITY		10.29		12.55		7.26		9.70
RETURN ON TRANSPORTATION INVESTMENT		15.34		16.89		11.39		12.11
EXPENSE RATIO	97.95		97.05		98.19		97.69	
OPERATING RATIO	95.50		94.66		96.29		95.99	
ADDITIONAL RATIOS:								
RECEIVABLES TO PAYABLES	1.43		1.58		1.26		1.22	
DEPRECIATION TO DEBT DUE IN ONE YEAR	1.58		1.48		1.49		1.52	
TOTAL TANGIBLE TO PROPERTY TO EQUITY	1.36		1.47		0.97		1.04	
INCOME BEFORE EXTRA ITEMS, ETC. TO EQUITY		10.29		12.55		7.26		9.70
GROSS REVENUES TO TOTAL TANGIBLE PROPERTY	3.74		3.54		3.53		3.43	
TOTAL PAYROLL TO REVENUES		26.04		26.56		27.83		29.30
TOTAL PAYROLL (INCLUDING PURCHASED TRANSPORTATION) TO REVENUES		48.12		48.84		41.54		41.17
TOTAL TONS (MILLIONS) & PERCENTAGE CHANGE 1981/1980	0.15		0.16	(0.07)	0.01		0.01	(0.14)
TOTAL MILES (MILLIONS) & PERCENTAGE CHANGE 1981/1980	1.34		1.42	(0.06)	0.08		0.09	(0.09)

for the Years 1981 and 1980

in Millions)

TOTAL OVER $5 MILLION				$5-10 MILLION				$10-25 MILLION				OVER $25 MILLION			
104				41				40				23			
1981	%	1980	%	1981	%	1980	%	1981	%	1980	%	1981	%	1980	%
$56.56		$72.55		$5.54		$6.20		$18.85		$18.09		$32.17		$48.26	
1.19		1.25		1.16		1.18		1.24		1.22		1.18		1.28	
10.51		14.14		7.41		8.57		12.15		12.23		10.44		16.48	
26.70		30.67		23.79		27.39		29.04		32.39		26.21		30.59	
0.80		0.92		0.48		0.59		0.63		0.71		0.97		1.12	
0.46		0.52		0.26		0.31		0.32		0.40		0.59		0.64	
0.81		0.95		0.49		0.60		0.65		0.73			0.99		1.14
	205.56		212.58		242.83		218.48		246.51		261.54		185.53		195.84
	50.18		48.71		63.89		58.61		60.48		57.14		44.77		44.64
	16.79		14.44		20.39		16.91		16.23		13.75	16.54		14.37	
1.42		1.52		1.13		1.23		1.19		1.29		1.61		1.72	
5.35		5.43		5.18		5.63		5.02		5.10		5.57		5.57	
3.23		3.10		3.80		3.83		3.26		3.16		3.11		2.94	
3.78		3.57		4.60		4.58		4.22		3.97		3.45		3.25	
1.80		1.80		1.91		1.95		2.07		2.04		1.67		1.68	
	2.78		3.48		1.71		2.00		3.17		3.38		2.84		3.88
	8.98		10.80		6.49		7.67		10.34		10.68		8.82		11.42
	2.01		2.39		2.01		1.36		2.43		2.87		1.79		2.39
	10.72		12.97		10.41		7.65		12.21		14.66		9.98		13.29
	15.74		17.38		13.53		14.23		16.38		16.52		15.87		18.23
97.93		96.99		98.71		98.36		97.67		97.24		97.87		96.55	
95.42		94.53		96.80		96.58		95.63		95.33		95.00		93.66	
1.46		1.65		1.18		1.31		1.48		1.40		1.53		1.93	
1.58		1.48		1.92		1.65		1.71		1.68		1.49		1.39	
1.42		1.53		1.14		1.26		1.19		1.29		1.62		1.72	
	10.72		12.97		10.41		7.65		12.21		14.66		9.98		13.29
3.76		3.55		4.56		4.46		4.21		3.95		3.44		3.23	
	25.92		26.37		25.45		26.41		22.82		23.40		27.36		27.64
	48.54		49.35		51.03		52.86		51.96		52.41		46.56		47.33
0.14		0.15	(0.06)	0.02		0.02	(0.10)	0.04		0.04	(0.03)	0.08		0.09	(0.07)
1.26		1.34	(0.06)	0.15		0.16	(0.04)	0.34		0.37	(0.08)	0.77		0.81	(0.05)

OVERSIZE FOLDOUT(S) FOUND HERE IN THE PRINTED EDITION OF THIS VOLUME ARE FOUND FOLLOWING THE LAST PAGE OF TEXT IN THIS MICROFICHE EDITION.

SEE FOLDOUT NO 1

Composite Historical Financial Statement of the Tank Truck Industry 1977-1981

(All Dollar Figures in Millions)

NUMBER OF CARRIERS	175		171		172		190		190	
	$ 1981	%	$ 1980	%	$ 1979	%	$ 1978	%	$ 1977	%
INCOME STATEMENT:										
GROSS REVENUES	2,372.44	100.0	2,198.10	100.0	2,215.63	100.0	1,938.52	100.0	1,678.93	100.0
DEPRECIATION	136.85	5.8	124.39	5.7	119.89	5.4	104.85	5.4	92.26	5.5
PURCHASED TRANSPORTATION	549.08	23.1	511.63	23.3	487.80	22.0	414.00	21.4	347.67	20.7
TOTAL EXPENSES	2,265.59	95.5	2,078.67	94.6	2,084.62	94.1	1,826.99	94.2	1,593.68	94.9
NET CARRIER OPERATING INCOME	106.84	4.5	119.43	5.4	131.01	5.9	111.53	5.8	85.26	5.1
INTEREST EXPENSE	58.22	2.5	52.27	2.4	46.16	2.1	32.26	1.7	23.36	1.4
NET INCOME BEFORE TAXES	67.09	2.8	78.56	3.6	95.68	4.3	86.56	4.5	67.07	4.0
CURRENT INCOME TAXES	25.12	1.1	20.39	0.9	22.59	1.0	18.12	0.9	16.05	1.0
DEFERRED INCOME TAXES	(1.28)	(0.1)	6.65	0.3	7.07	0.3	9.09	0.5	6.17	0.4
EQUITY IN EARNINGS (LOSSES) OF AFFILIATES	4.58	0.2	2.07	0.1	3.34	0.2	2.47	0.1	1.73	0.1
NET INCOME AFTER TAXES	52.72	2.2	31.41	1.4	69.53	3.1	62.64	3.2	47.75	2.8
CASH THROW	178.82	N/A	182.56	N/A	193.14	N/A	174.11	N/A	144.46	N/A
AVERAGE REVENUE PER CARRIER	13.56	N/A	12.85	N/A	12.88	N/A	10.20	N/A	8.84	N/A
BALANCE SHEET: ASSETS										
CASH AND EQUIVALENTS	120.23	10.5	96.05	8.7	92.02	8.2	76.72	7.6	71.33	8.3
RECEIVABLES FROM AFFILIATED COMPANIES	26.09	2.3	39.48	3.6	41.85	3.7	35.61	3.5	28.37	3.3
NOTES AND ACCOUNTS RECEIVABLE	182.86	15.9	190.47	17.2	193.09	17.1	167.11	16.5	139.29	16.2
MATERIALS AND SUPPLIES	30.13	2.6	29.56	2.7	28.88	2.6	22.73	2.2	20.36	2.4
PREPAID ITEMS AND OTHER CURRENT ASSETS	43.50	3.8	42.04	3.8	39.75	3.5	38.10	3.8	34.39	4.0
TOTAL CURRENT ASSETS	402.82	35.1	397.60	36.0	395.59	35.1	340.27	33.6	293.74	34.2
CARRIER OPERATING PROPERTY (COST)	1,337.60	116.6	1,232.84	111.6	1,185.85	105.2	1,088.60	107.6	949.89	110.7
RESERVE FOR DEPRECIATION	712.58	62.1	624.71	56.5	582.24	51.6	538.99	53.3	499.94	58.2
NET CARRIER OPERATING PROPERTY	625.02	54.5	608.12	55.0	603.60	53.5	549.61	54.3	449.95	52.4
TOTAL INTANGIBLE ASSETS – NET	9.19	0.8	9.36	0.8	37.27	3.3	35.77	3.5	36.95	4.3
OTHER ASSETS	101.02	8.8	81.13	7.3	83.81	7.4	85.63	8.5	77.64	9.0
TOTAL ASSETS	1,147.10	100.0	1,105.13	100.0	1,127.43	100.0	1,011.28	100.0	858.28	100.0
BALANCE SHEET: LIABILITIES AND EQUITY										
PAYABLES TO AFFILIATES	18.53	1.6	17.69	1.6	18.14	1.6	17.26	1.7	15.20	1.8
NOTES PAYABLE	17.49	1.5	14.59	1.3	15.13	1.3	12.15	1.2	12.15	1.4
ACCOUNTS PAYABLE	110.09	9.6	107.18	9.7	102.31	9.1	96.88	9.6	78.23	9.1
MISCELLANEOUS PAYABLES	24.65	2.1	24.26	2.2	24.99	2.2	21.45	2.1	17.22	2.0
TAXES PAYABLE	17.28	1.5	14.53	1.3	17.44	1.5	16.60	1.6	13.25	1.5
FUNDED DEBT DUE IN ONE YEAR	86.88	7.6	84.99	7.7	80.03	7.1	72.82	7.2	66.08	7.7
OTHER CURRENT LIABILITIES	56.43	4.9	51.38	4.6	44.30	3.9	39.10	3.9	30.61	3.6
TOTAL CURRENT LIABILITIES	331.35	28.9	314.61	28.5	302.33	26.8	276.26	27.3	232.75	27.1
ADVANCES PAYABLE	21.63	1.9	17.58	1.6	16.21	1.4	13.95	1.4	18.14	2.1

1977-1981 STATEMENT (Continued)	$ 1981	%	$ 1980	%	$ 1979	%	$ 1978	%	$ 1977	%
FUNDED DEBT DUE AFTER ONE YEAR	264.28	23.0	284.91	25.8	312.61	27.7	277.05	27.4	251.51	27.0
TOTAL LONG TERM DEBT	285.91	24.9	302.49	27.4	328.82	29.2	291.00	28.8	249.65	29.1
TOTAL FUNDED DEBT	351.16	30.6	369.89	33.5	392.63	34.8	349.87	34.0	297.59	34.0
TOTAL LIABILITIES	682.37	59.5	684.82	62.0	701.14	62.2	630.85	62.4	533.10	62.1
RESERVES AND ESTIMATED LIABILITIES	7.83	0.7	6.79	0.6	9.85	0.9	9.35	0.0	8.66	1.0
ACCUMULATED DEFERRED TAX CREDITS	57.28	5.0	60.94	5.5	60.14	5.3	54.23	5.4	42.04	4.9
STOCKHOLDER EQUITY	464.73	40.5	420.31	38.0	426.30	37.8	380.43	37.6	325.18	37.9
TOTAL CAPITAL	750.64	65.4	722.80	65.4	755.11	67.0	671.44	66.0	574.83	66.0
TOTAL LIABILITIES AND EQUITY	1,147.10	100.0	1,105.13	100.0	1,127.43	100.0	1,011.28	100.0	858.28	100.0

Composite Historical Analytical Data 1977-1981

(All Dollar Figures in Millions)

NUMBER OF CARRIERS	175		171		172		190		190	
	1981	%	1980	%	1979	%	1978	%	1977	%
LIQUIDITY DATA AND RATIOS:										
WORKING CAPITAL	$71.47		$82.99		$93.26		$64.01		$61.00	
CURRENT RATIO	1.22		1.26		1.31		1.23		1.26	
DAYS OF CASH OPER. EXPENSES IN WORKING CAPITAL	12.15		15.36		17.12		13.42		14.67	
AVERAGE DAYS COLLECTION PERIOD (DAYS)	28.13		31.63		31.81		31.46		30.28	
FINANCIAL RATIOS: LEVERAGE AND DEBT SERVICE										
TOTAL FUNDED DEBT TO EQUITY	0.76		0.88		0.92		0.91		0.91	
NET DEBT TO EQUITY	0.41		0.48		0.51		0.55		0.52	
TOTAL FUNDED DEBT TO TANGIBLE NET WORTH	0.77		0.90		1.01		1.01		1.03	
CASH THROW TO FUNDED DEBT DUE IN ONE YEAR		205.81		214.81		241.35		239.10		218.61
CASH THROW TO TOTAL FUNDED DEBT		50.92		49.35		49.19		49.76		48.54
NET CARRIER OPERATING PROPERTY TO EQUITY	1.34		1.45		1.42		1.44		1.38	
OPERATING AND EFFICIENCY RATIOS:										
GROSS REVENUES TO STOCKHOLDER'S EQUITY	5.10		5.23		5.20		5.09		5.06	
GROSS REVENUES TO TOTAL CAPITAL	3.16		3.04		2.93		2.88		2.74	
GROSS REVENUES TO NET CARRIER OPERATING PROPERTY	3.80		3.61		3.67		3.52		3.25	
GROSS REVENUES TO CARRIER OPER. PROPERTY (COST)	1.77		1.78		1.87		1.78		1.76	
NET INCOME AFTER TAXES TO STOCKHOLDER'S EQUITY		10.29		12.75		16.31		16.46		14.68
NET INCOME BEFORE TAXES TO TOTAL CAPITAL		8.94		10.87		12.67		12.89		11.66
NET INCOME BEFORE TAXES TO GROSS REVENUES		2.83		3.57		4.32		4.46		3.99
NET INCOME AFTER TAXES TO GROSS REVENUES		2.02		2.44		3.14		3.23		2.84
RETURN ON TRANSPORTATION INVESTMENT		15.34		17.28		18.80		18.17		16.68
OPERATING RATIO	95.50		94.57		94.09		94.24		94.92	
EXPENSE RATIO	97.95		96.94		96.17		95.91		96.31	

Glossary & Definitions

ICC Accounting Changes

The 1977, 1978, 1979, 1980 and 1981 composite financial statements contained herein have been completed in accordance with the latest standards in ICC Accounting Practices. Following are brief definitions of terms used in presenting the balance sheet, income statement, and financial ratios in this analysis.

NUMBER OF CARRIERS: The number of carriers reporting data has changed significantly since 1980 as the ICC has exempted carriers with annual revenues less than $1 million from most reporting requirements.

GROSS REVENUES: The total of all revenues from transportation services. This account can be considered as an equivalent to a "sales" figure.

DEPRECIATION: Non-cash charges to income for use and obsolescence of fixed assets.

PURCHASED TRANSPORTATION: The costs of revenue equipment rented from others, whether affiliates or not, with or without hired drivers, as well as the costs of transportation purchased from railroads, airlines and water carriers. This account, when a low percentage, would indicate the carrier has a large number of company employees. Conversely, a large percentage would indicate little use of company employees.

OPERATING EXPENSES: Expenses which are directly a function of operations, including depreciation and purchased transportation. Non-carrier expenses and interest charges are not included.

NET OPERATING INCOME: Gross Revenues less Operating Expenses.

INTEREST EXPENSE: The cost, paid or accrued, of money from affiliates or others.

NET INCOME BEFORE TAXES: Income from continuing operations, after interest charges, but before income taxes and extraordinary gains or losses.

INCOME TAXES – CURRENT: Includes taxes paid to the federal government, state government as well as other taxes (such as local), if applicable.

DEFERRED INCOME TAXES: Taxes arising principally from the difference in handling certain assets, such as tires and tubes, for book and tax purposes. Deferred taxes also includes investment tax credits, if applicable. This account is used in the cash throw equation.

EQUITY IN EARNINGS OF AFFILIATES: An account used in the cash throw equation. As of Jan. 1, 1977, this account was removed from the "Other Income/Deduction" account groupings and placed after taxes.

INCOME BEFORE EXTRAORDINARY ITEMS: Post-tax ordinary income excludes extraordinary gains and losses. Ratios which are developed from after tax income figures such as net after taxes to equity and to gross revenues are based on post-tax ordinary income in this year's edition.

EXTRAORDINARY ITEMS: Includes net gains or losses on unusual items such as the sale of land or securities and typically have minimal impact on net income. Due to the regulatory changes in the Motor Carrier Act, trucking firms have written-off their operating authorities (intangible assets) as an extraordinary charge in their 1980 reports.

NET INCOME AFTER TAXES: The sum of post-tax ordinary and extraordinary income.

CASH THROW: Net income after taxes plus depreciation, as defined, plus deferred income taxes accrued during the reporting period minus equity in the earnings of affiliated companies.

CASH: Cash, temporary investments, and special deposits.

CURRENT RATIO: The ratio of Current Assets to Current Liabilities, both as defined later. The working capital requirements of motor carriers are not comparable with those of other industries since inventories are relatively minor and receivables turn over relatively quickly.

DAYS OF CASH OPERATING EXPENSES IN WORKING CAPITAL: To compute, (a) subtract depreciation and the gain (loss) from disposition of operating assets from Operating Expenses to get cash operating expenses; (b) divide cash

operating expenses by 365; (c) divide the result into Working Capital. This ratio measures the ability of the carrier to meet daily operating expenses from working capital. To service debt, it is cash throw from ongoing operations not a diminuation of current assets, which relevant, and, therefore, the Days Cash ratio is a better indicator of operational viability than the Current Ratio.

AVERAGE DAYS COLLECTION PERIOD: Notes and accounts receivable times 365 divided by gross revenues. This ratio is helpful in analyzing the collectibility of receivables.

FUNDED DEBT TO EQUITY: The ratio of total funded debt, inclusive of current maturities, to shareholder's equity. If current operations can be adequately funded from working capital, this ratio reveals the degree of protection afforded to long-term lenders.

NET DEBT TO EQUITY: Funded Debt due after one year less Working Capital, divided by Net Worth. A more sharply-honed version of the preceding ratio, since it does not include working capital, which ought to be sufficient to cover current operations.

FUNDED DEBT TO TANGIBLE NET WORTH: Total funded debt divided by shareholders' equity less intangibles. This ratio is another fine-tuned version of the debt to equity ratio in that intangibles are eliminated from stockholders' equity.

CASH THROW TO DEBT DUE IN ONE YEAR: Cash Throw divided by Current Portion of Funded Debt. This ratio, which indicates the ability to service the current portion of long-term debt principal, is useful for analyzing small carriers which finance equipment purchases on an installment basis. Since revolving credit arrangements do not provide for current maturities, the ratio will be misleading when applied to carriers using revolvers.

CASH THROW TO TOTAL FUNDED DEBT: This index reveals the proportion of Total Funded Debt that could be repaid in one year were all Cash Throw directed to that end. As such, it yields a better measure of the ability of carriers who use equipment revolvers to service their debt than does the preceding ratio. The reciprocal of this ratio is the number of years required to repay debt completely, and it may usefully be compared with the average remaining life of Carrier Operating Property.

INTEREST TO TOTAL FUNDED DEBT: This index shows interest payments as a percentage of total funded debt.

NET CARRIER OPERATNG PROPERTY TO NET WORTH: As a measurement of owner's equity in operating property, this ratio points to relative adequacy of capitalization as well as to efficient use of capital.

GROSS REVENUES TO EQUITY: One of several measures suggesting degree of efficiency in employment of capital.

AFTER-TAX INCOME TO EQUITY: This ratio, return of shareholders' equity, indicates how well the owners' investment dollars are used.

GROSS REVENUES TO CARRIER OPERATING PROPERTY NET AND AT COST: These measures tell how much revenue is produced by each dollar of operating equipment and are another index of management's efficiency. They are best applied to year-to-year comparisons of the same or very similar carriers; the amount of purchased transportation employed can otherwise affect the validity of comparisons.

GROSS REVENUES TO TOTAL CAPITAL AND PRE-TAX INCOME TO TOTAL CAPITAL: Two additional operating ratios which measure the turnover of total capital on revenues and pretax income.

PRE-TAX AND AFTER-TAX INCOME TO GROSS REVENUES: Well-known measures of profitability. Since motor carriers typically show low margins on high volumes, even slight changes in these ratios may indicate disturbing trends.

RETURN ON TRANSPORTATION INVESTMENT: Net carrier operating income divided by carrier operating property, net, plus working capital expressed as a percent.

EXPENSE RATIO: Total Operating Expenses plus interest expenses as a percentage of Gross Revenues. Unlike the Operating Ratio, the Expense Ratio also takes into account the cost of borrowing.

OPERATING RATIO: Operating Expenses as a percentage of Gross Revenues. This is the single most important index of operating efficiency. Since it excludes extraordinary expenses, income taxes and interest, individual peculiarities are eliminated so that the ratio may be used as a measure of performance industry-wide.

TOTAL PAYROLL TO REVENUES: This ratio suggests the degree of efficiency with which labor is employed.

TOTAL PAYROLL (WPT) TO REVENUES: The ratio of Total Payroll (including Purchased Transportation) to Revenues is a refinement of the preceding ratio. It too reveals efficiency in the use of personal resources; it is more meaningful than the ratio of Total Payroll to Revenues for analyzing carriers which rely heavily upon purchased transportation.

RECEIVABLES FROM AFFILIATES: Notes and accounts receivable due from affiliated companies.

NOTES AND ACCOUNTS RECEIVABLE: Trade receivables (billings to shippers), interline receivables (billings to other carriers), and other receivables.

PREPAID EXPENSES· Office supplies, taxes, license and other fees, insurance, interest, and warehoused tires and tubes. Under ICC rules, tires and tubes in use may be either expensed at the outset of use or relegated to this accrual category, according to the discretion of management.

MATERIALS AND SUPPLIES: These include fuel, spare parts, and tires and tubes which have not yet been mounted. Inventories may be expensed when purchased or as they are withdrawn for use.

OTHER CURRENT ASSETS: Includes the account termed other current assets and deferred income tax charges.

CURRENT ASSETS: The sum of cash, accounts receivable, prepaid expenses, materials and supplies, and other current assets.

CARRIER OPERATING PROPERTY (NET): A motor carrier's "inventory," that is, revenue producing fixed assets such as trucks, tractors, trailers, buildings, land, leasehold improvements, and office equipment, as valued at cost, less accumulated depreciation and amortization.

TOTAL TANGIBLE PROPERTY: Net carrier operating property plus other net non-carrier operating property. The "other" property accounts includes items such as land purchased for expansion, or buildings, etc.

INTANGIBLE ASSETS: A combination of (a) the carrying values of operating authorities from the ICC and state regulatory bodies and (b) goodwill, principally from acquisitions of other companies and their properties, being the excess of cost over the net book value of the assets acquired. As a result of the Motor Carrier Act of 1980, the value of ICC operating authority has been virtually eliminated.

OTHER ASSETS: Investments in and advances to affiliated companies; deferred and miscellaneous debits.

PAYABLE TO AFFILIATES: Notes and accounts payable to affiliated companies.

NOTES PAYABLE: Short-term debt used for cyclical working capital purposes, such as for license fees and insurance premiums. The current portion of funded (long-term debt) does not fall into this category.

ACCOUNTS PAYABLE: Operational trade payables.

MISCELLANEOUS PAYABLES AND ACCRUALS: Unpaid salaries and benefits, including health and welfare and withholding taxes, accrued dividends and other miscellaneous accounts.

TAXES PAYABLE: Miscellaneous taxes due or accrued, such as income and highway use, but not deferred income taxes.

CURRENT PORTION OF FUNDED DEBT: The amount of funded debt due within one year. Under ICC accounting practices, this is now considered a current liability.

OTHER CURRENT LIABILITIES: Includes the current portion of advances payable, estimated accrued liabilities, other liabilities and deferred tax credits.

CURRENT LIABILITIES: The sum of notes payable, accounts payable, miscellaneous payables

and accruals, taxes payable, the current portion of funded debt and other current liabilities.

ADVANCES PAYABLE: Contains the non-current portion of advances payable, both to affiliated companies as well as other business enterprises.

FUNDED DEBT: Secured or unsecured debt taken for a term greater than one year and used primarily for equipment and real estate purchases.

TOTAL LONG TERM DEBT: The sum of long term funded debt (excluding the current maturities) and long term advances payable.

TOTAL FUNDED DEBT: The total "borrowed" debt of a company including long term funded debt and the current portion of that debt. Long term advances payable are not included here.

RESERVES AND ESTIMATED LIABILITIES: Reserves covering cargo loss and damage and self-insurance programs.

ACCUMULATED DEFERRED TAX CREDITS: Deferred income taxes resulting from the difference between book and tax treatment of depreciation.

TOTAL LIABILITIES: The sum of current liabilities, total long term debt and reserves and estimated liabilities.

SHAREHOLDER'S EQUITY: The equity in the assets held by proprietors, partnerships, and stockholders; comprises all classes of capital stock, capital surplus, and retained earnings, net of treasury stock. Also includes as of Jan. 1, 1978 the equity of minority shareholders of subsidiaries.

TOTAL CAPITAL: Total long term debt (funded debt due after one year and non-current advances payable) plus stockholder's equity.

WORKING CAPITAL: Current Assets less Current Liabilities.

A WORD ABOUT THE PUBLISHER

National Tank Truck Carriers, Inc. is the international trade association of the for-hire tank truck industry.

Its members are domiciled in, and operate throughout, the 48 Continental United States. It is estimated that NTTC represents over 75% of the for-hire tank truck capacity in the United States. Additionally, the Association has members in Canada, Mexico, South Africa, New Zealand, Japan, Brazil, and Australia.

Important note is the fact that the statistical compilations in the publication represent the statements both of NTTC members and of non-members filed with the Interstate Commerce Commission.

National Tank Truck Carriers is primarily responsible for the representation of its member carriers before the public and before various state, local, and Federal government entities, particularly the Interstate Commerce Commission, the U.S. Department of Transportation, and the U.S. Environmental Protection Agency.

The Association staff prepares (on a regular basis) numerous publications such as Newsletters, Membership Bulletins, Hazardous Commodity Handbook, regulatory summaries, and an annual Directory.

Additionally, a twenty-four hour, seven-days-a-week telephone news service is available to member carriers.

NTTC, through various specialized groups of member company personnel, provides forums for the exchange of viewpoints and expertise in the areas of safety, carrier financing, and management training. For instance, the NTTC Middle Management Seminar, held annually at Purdue University, provides training in management development techniques for member carrier personnel.

Through their Association, tank carrier members constantly maintain liaison with similar groups representing our industry's manufacturers and customers. Some of these groups are the Truck Trailer Manufacturer's Association, the American Petroleum Institute, the Chemical Manufacturers Association, the Fertilizer Institute, and the Compressed Gas Association.

NTTC is a non-profit corporation affiliated with the American Trucking Associations, Inc.

Additional copies of this Financial Analysis are available upon request through National Tank Truck Carriers, Inc., 1616 P Street, N.W., Washington, D.C. 20036.

Financial & Operating Statistics for the First Half 1981 vs. First Half 1982

NUMBER OF CARRIERS	TOTAL ALL CARRIERS 39 CARRIERS					$5-10 MILLION 9 CARRIERS					$10-25 MILLION 21 CARRIERS					OVER $25 MILLION 9 CARRIERS				
(All Dollar Figures in Thousands)	$ 1982	%	$ 1981	%	Percent Change	$ 1982	%	$ 1981	%	Percent Change	$ 1982	%	$ 1981	%	Percent Change	$ 1982	%	$ 1981	%	Percent Change
INCOME																				
REVENUE – COMMON CARRIER	516,182	93.72	597,232	94.25	(13.57)	39,228	93.16	44,301	93.52	(11.45)	163,116	90.87	176,897	91.51	(7.79)	313,838	95.34	376,034	95.68	(16.54)
REVENUE – CONTRACT CARRIER	4,992	.90	5,462	.86	(8.60)	104	.24	143	.30	(27.27)	323	.17	302	.15	6.95	4,565	1.38	5,017	1.27	(9.01)
REVENUE – LOCAL CARTAGE	23,727	4.30	24,704	3.89	(3.95)	2,037	4.83	2,054	4.33	(.83)	14,080	7.84	13,852	7.16	1.65	7,610	2.31	8,798	2.23	(13.50)
TRANSPORTATION FOR OTHER CARRIERS	1,880	.34	2,393	.37	(21.44)	104	.24	41	.08	153.66	1,083	.60	1,375	.71	(21.24)	693	.21	977	.24	(29.07)
OTHER OPERATING REVENUE	3,975	.72	3,872	.61	2.66	635	1.50	831	1.75	(23.59)	898	.50	881	.45	1.93	2,442	.74	2,160	.54	13.06
TOTAL CARRIER REVENUE	550,756	100.00	633,663	100.00	(13.08)	42,108	100.00	47,370	100.00	(11.11)	179,500	100.00	193,307	100.0	(7.14)	329,148	100.00	392,986	100.00	(16.24)
EXPENSES																				
SALARIES OFFICERS & SUPERVISORY PERSONNEL	31,808	5.77	31,857	5.02	(.15)	2,373	5.63	2,485	5.24	(4.51)	10,312	5.74	9,867	5.10	4.51	19,123	5.80	19,505	4.96	(1.96)
SALARIES AND WAGES	135,943	24.68	150,717	23.78	(9.80)	10,772	25.58	12,962	27.36	(16.90)	40,593	22.61	40,841	21.12	(.61)	84,578	25.69	96,914	24.66	(12.73)
MISCELLANEOUS PAID TIME OFF	11,889	2.15	12,893	2.03	(7.79)	1,058	2.51	1,184	2.49	(10.64)	2,785	1.55	2,696	1.39	3.30	8,046	2.44	9,013	2.29	(10.73)
OTHER FRINGE BENEFITS	46,002	8.35	47,982	7.57	(4.13)	3,665	8.70	4,199	8.86	(12.72)	12,415	6.91	12,240	6.33	1.43	29,922	9.09	31,543	8.02	(5.14)
OPERATING SUPPLIES & EXPENSES	106,293	19.29	123,812	19.53	(14.15)	7,554	17.93	8,641	18.24	(12.58)	34,753	19.36	35,799	18.51	(2.92)	63,986	19.43	79,372	20.19	(19.38)
GENERAL SUPPLIES & EXPENSES	14,385	2.61	14,657	2.31	(1.86)	1,000	2.37	1,124	2.37	(11.03)	4,753	2.64	4,460	2.30	6.57	8,632	2.62	9,073	2.30	(4.86)
OPERATING TAXES & LICENSES	17,235	3.12	17,417	2.74	(1.04)	1,263	2.99	1,306	2.75	(3.29)	5,483	3.05	5,065	2.62	8.25	10,489	3.18	11,046	2.81	(5.04)
INSURANCE	11,139	2.02	12,903	2.03	(13.67)	803	1.90	900	1.89	(10.78)	4,063	2.26	4,369	2.26	(7.00)	6,273	1.90	7,634	1.94	(17.83)
COMMUNICATIONS & UTILITIES	11,172	2.02	10,040	1.58	11.27	797	1.89	682	1.43	16.86	3,255	1.81	2,646	1.36	23.02	7,120	2.16	6,712	1.70	6.08
DEPRECIATION & AMORTIZATION	40,381	7.33	39,359	6.21	2.60	2,679	6.36	2,700	5.69	(.78)	12,764	7.11	11,179	5.78	14.18	24,938	7.57	25,480	6.48	(2.13)
PURCHASED TRANSPORTATION	108,257	19.65	133,259	21.02	(18.76)	9,574	22.73	10,273	21.68	(6.80)	41,768	23.26	51,907	26.85	(19.53)	56,915	17.29	71,079	18.08	(19.93)
BUILDING & OFFICE EQUIPMENT RENTS	4,349	.78	3,791	.59	14.72	345	.81	332	.70	3.92	1,452	.80	1,124	.58	29.18	2,552	.77	2,335	.59	9.29
GAIN (LOSS) ON DISPOSITION OF ASSETS (NET)	(4,143)	(.75)	(2,565)	(.40)	(61.52)	(417)	(.99)	(346)	(.73)	(20.52)	(1,132)	(.63)	(504)	(.26)	(124.60)	(2,594)	(.78)	(1,715)	(.43)	(51.25)
MISCELLANEOUS EXPENSES	4,087	.74	4,032	.63	1.36	298	.70	275	.58	8.36	1,476	.82	1,262	.65	16.96	2,313	.70	2,495	.63	(7.29)
TOTAL CARRIER EXPENSES	538,797	97.82	600,154	94.71	(10.22)	41,764	99.18	46,717	98.62	(10.60)	174,740	97.34	182,951	94.64	(4.49)	322,293	97.91	370,486	94.27	(13.01)
NET OPERATING INCOME	11,959	2.17	33,509	5.28	(64.31)	344	.81	653	1.37	(47.32)	4,760	2.65	10,356	5.35	(54.04)	6,855	2.08	22,500	5.72	(69.53)
OTHER INCOME AND DEDUCTIONS																				
INCOME FROM NONCARRIER OPERATIONS	73	.01	193	.03	(62.18)	3		15	.03	(80.00)	138	.07	233	.12	(40.77)	(68)	(.02)	(55)	(.01)	(23.64)
INTEREST INCOME	2,340	.42	2,067	.32	13.21	75	.17	113	.23	(33.63)	1,417	.78	1,250	.64	13.36	848	.25	704	.17	20.45
DIVIDEND INCOME	21		22		(4.55)	5	.01				16		22	.01	(27.27)					
EQUITY IN EARNINGS OF AFFILIATED COMPANIES	592	.10	558	.08	6.09						78	.04	260	.13	(70.00)	514	.15	298	.07	72.48
LEASE OF OPERATING UNITS (NET)	(18)		(7)		(157.14)	(18)	(.04)	(7)	(.01)	(157.14)										
OTHER NONOPERATING INCOME (NET)	(698)	(.12)	43			(129)	(.30)	(141)	(.29)	(8.51)	(1,444)	(.80)	59	.03		875	.26	125	.03	600.00
GAIN (LOSS) ON DISPOSITION OF OTHER ASSETS (NET)	95	.01	243	.03	(60.91)						3		7		(57.14)	92	.02	236	.06	(61.02)
INTEREST & AMORTIZATION EXPENSE	17,022	3.09	18,187	2.87	6.41	405	.96	736	1.55	(44.97)	4,032	2.24	3,821	1.97	5.52	12,585	3.82	13,630	3.46	(7.67)
NET OTHER INCOME	(14,617)	(2.65)	(15,068)	(2.37)	2.99	(469)	(1.11)	(756)	(1.59)	37.96	(3,824)	(2.13)	(1,990)	(1.02)	(92.16)	(10,324)	(3.13)	(12,322)	(3.13)	16.21
INCOME (LOSS) BEFORE TAXES	(2,658)	(.48)	18,441	2.91		(125)	(.29)	(103)	(.21)	21.36	936	.52	8,366	4.32	(88.81)	(3,469)	(1.05)	10,178	2.58	
TAXES	2,434	.44	6,980	1.10	(65.13)	14	.03	15	.03	6.67	1,259	.70	2,390	1.23	(47.32)	1,161	.35	4,575	1.16	(74.62)
PROVISION FOR DEFERRED TAXES	(2,466)	(.44)	49			(251)	(.59)	(119)	(.25)	110.92	(293)	(.16)	563	.29		(1,922)	(.58)	(395)	(.10)	(386.58)
ORDINARY INCOME	(2,626)	(.47)	11,412	1.80		112	.26	1		100.00	(30)	(.01)	5,413	2.80		(2,708)	(.82)	5,398	1.52	
NET INCOME (OR LOSS)	(2,626)	(.47)	10,946	1.72		107	.25	1		600.00	(30)	(.01)	5,413	2.80		(2,703)	(.82)	5,532	1.40	
OPERATING RATIO	97.82		94.71		3.28	99.18		98.62		.57	97.34		94.64		2.85	97.91		94.27		3.86